

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7121**

**BILL NUMBER:** SB 360

**NOTE PREPARED:** Jan 9, 2005

**BILL AMENDED:**

**SUBJECT:** Coverage of Surgery for Morbid Obesity.

**FIRST AUTHOR:** Sen. Miller

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** No Fiscal Impact

**Summary of Legislation:** This bill removes language in the morbid obesity definition that refers to weight guidelines in the Metropolitan Life Insurance table. It prohibits: (1) the state employee insurance plan; (2) the Medicaid program; (3) an insurer that issues an accident and sickness insurance policy; and (4) a health maintenance organization that provides basic health care services; from providing coverage for surgical treatment of morbid obesity for an individual who is less than 19 years of age unless two physicians determine that the surgery is necessary to save the life of the individual.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** This bill would require the confirming opinion of a second physician that bariatric surgery is necessary to save the life of an individual under 19 years of age. Current Medicaid medical policy criteria requires potential bariatric surgical candidates to be 21 years of age and physically mature. In addition, the patient with morbid obesity must have at least 8 months of documented, physician-supervised, non-surgical weight loss treatment that has been unsuccessful, as well as a psychological or psychiatric evaluation by a psychologist or psychiatrist prior to surgery. The Office of Medicaid Policy and Planning reports that requests for surgery for individuals under age 21 have been received but are denied. Medicaid has had one known appeal of a denial for this procedure which was overturned, although the age of the individual was not reported.

The state offers four benefit plans. All four provide coverage for the surgical treatment of obesity, as required by law. Anthem Blue Cross Blue Shield, administrator of the state employees' traditional health plan, reports that the medical policy for prior approval for bariatric surgery is that approval of the surgical treatment for

individuals under the age of 18 is evaluated on a case-by-case basis.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning and State Personnel.

**Local Agencies Affected:**

**Information Sources:** Melanie Bella, Assistant Secretary, Office of Medicaid Policy and Planning, 317-234-2407; and the presentation of Randy L. Howard, M.D., Senior Medical Director, Anthem Blue Cross Blue Shield to the Commission on Excellence in Health Care, October 27, 2004.

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